

AFRICA NEWS REPORT



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Bush Nominates Three New Ambassadors to African Nations
(U.S. representatives named to Eritrea, Cote d'Ivoire, The Gambia) (280)

President George W. Bush nominated U.S. ambassadors to the nations of Eritrea, Cote, D'Ivoire, and The Gambia in a White House statement released January 23.

Scott H. DeLisi, nominated as ambassador to Eritrea, is a career member of the Senior Foreign Service who currently serves as Director of the Office of Southern African Affairs at the State Department. He previously served as Deputy Chief of Mission at the U.S. Embassy in Botswana. DeLisi earlier served as a political officer in Colombo, Sri Lanka and Islamabad, Pakistan. He earned his bachelor's degree from the University of Minnesota and his law degree from the University of Minnesota School of Law.

Aubrey Hooks, nominated as ambassador to Cote d'Ivoire, is a career member of the Senior Foreign Service and currently serves as U.S. Ambassador to the Democratic Republic of the Congo. Previously, he served as the Economic Counselor at the U.S. Embassy in Warsaw, Poland. Mr. Hooks also served at the American embassies in Tel Aviv, Israel and at Port-au-Prince, Haiti. He earned his bachelor's degree from the University of South Carolina and his master's degree from the University of Michigan.

Joseph D. Stafford III, nominated as ambassador the Republic of The Gambia, is also a member of the Senior Foreign Service and currently serves as Deputy Chief of Mission at the U.S. Embassy in Abidjan, Cote d'Ivoire. He previously served in the same position for both the U.S. embassies in Tunis, Tunisia, and in Algiers, Algeria. Mr. Stafford earned his bachelor's degree and master's degree from the University of Tennessee.

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AEF401 01/29/2004

U.S. Diplomat Michael Southwick Continues Africa Work at Think Tank

(Former U.S. Envoy to Uganda uses 36 years of experience at USIP) (800)

By Jim Fisher-Thompson
Washington File Staff Writer

Washington -- After a 36-year career working on conflict and development issues in Niger, Kenya, Rwanda, Burundi and Uganda -- including a tour as U.S. envoy to Uganda from 1994 to 1997 -- Ambassador Michael Southwick has just about seen it all. Now as the Africa projects officer in the research and studies program at the U.S. Institute of Peace (USIP), the retired diplomat is using his expertise to foster a greater understanding of the continent among American scholars and policymakers.

Southwick recently told the Washington File, "I came on board here last October [2003] to develop a program about Africa -- everything from speakers and workshops to possibly doing some writing on my own and also commissioning some research."

The U.S. Congress established USIP in 1984 to help other countries deal with conflicts and to educate American opinion makers about world affairs. The research and studies program furthers those aims by arranging workshops, public meetings, and exchanges of visitors and scholars as well as producing research and analysis of conflicts, their causes and possible solutions.

Southwick said what especially interests him is the role oppositions have come to play in the dynamics of politics in Africa. "The problem," he said, "is that oppositions generally don't function very well. They're weak. They're disorganized. They don't have a program. A lot of them are based on personalities or tribal and religious groups. So they don't fulfill the same function as in more mature Western countries where political parties and oppositions have something of an ideological flavor.

"Another thing is that they [the opposition] are fair game for governments in power that want to manipulate them; divide them -- in other words, play divide-and-rule," Southwick explained. "So the net result of this is that many African governments are not truly accountable because voters don't really have alternatives." After all, "you only really make a government accountable if they know you can throw them out of power," the diplomat stressed.

But, to be fair, Southwick noted that while some oppositions "have been neutered by governments in power, many have internal defects that keep them from gaining in popularity." Part of the problem is that many of the opposition movements are elitist and unable to get beyond their special interests to present a united front, the diplomat added.

"The big question then," he explained, "is how do they unify -- is this just something that has to evolve over time or is it something that could be kick-started in some way? A lot of these political movements aren't worth the powder to blow them up, but, still, if you're going to get truly functional democracies in Africa you do need to have a political system where voters have choices."

As for Uganda, where Southwick last served, the diplomat said it is a good model, in part, because of the leadership President Yoweri Museveni has brought to important issues like conflict resolution and the battle against HIV/AIDS. "The main issue there at present is that President Museveni is ready to open up [politically] to some degree, but he is also thinking about going for a third term. He came to power originally in 1986, so by the time the next election is over he could conceivably have been in power for 20 years."

The problem for the opposition in Uganda, he said, is that "Museveni is very competent and the opposition just doesn't seem to inspire much faith in voters."

Asked if he believed African leaders should have their terms in office limited to a certain period of time -- like the eight years U.S. presidents are allowed to serve in office -- Southwick said, "It seems to work pretty well in practice for the United States."

The problem, again, in Africa is that "while one sees cases where people stay in power who rule gently and gracefully, some don't exit well -- here [Zimbabwean President Robert] Mugabe is a prime example." Asked for examples of those who have exited well, Southwick said, "I think [President Leopold] Senghor of Senegal to some degree did well." [He was president of Senegal from 1960 to 1980.] Former Ghanaian leader Jerry Rawlings "also exited well and one could even make the case that [Daniel arap] Moi of Kenya did that," Southwick said, "but that is a bit of a stretch. Julius Nyerere [of Tanzania] stepped down when he could still have held on to power. Unfortunately, there are a lot [of leaders] who just get in there and seem to get carried out feet first."

(The Washington File is a product of the Bureau of International Information Programs, U.S. Department of State. Web site: <http://usinfo.state.gov>)

AEF201 01/27/2004

U.S. International Trade Commission Reports on U.S. Trade With Africa

(Nigeria and South Africa attract most U.S. investment, report says) (1040)

The U.S. International Trade Commission (ITC) January 27 released its fourth annual report on U.S. trade and investment with sub-Saharan Africa, intended to help President Bush develop a comprehensive trade and development policy for the countries of the region.

Following is the text of the ITC press release on the report:

January 27, 2004

News Release 04-011

Inv. No. 332-415

ITC RELEASES FOURTH ANNUAL REPORT ON U.S. TRADE AND INVESTMENT WITH SUB-SAHARAN AFRICA

The U.S. International Trade Commission (ITC) today released U.S. Trade and Investment with Sub-Saharan Africa, the fourth in a series of reports intended to assist the President in developing a comprehensive trade and development policy for the countries of sub-Saharan Africa.

The ITC, an independent, nonpartisan, factfinding federal agency, conducted the investigation for the United States Trade Representative (USTR). As requested by USTR, the ITC's study is limited to the 48 countries of sub-Saharan Africa (SSA).

The current report provides an update for 2002 on U.S.-SSA trade and investment flows in major sectors; information on the African Growth and Opportunity Act (AGOA); a discussion of major developments in trade and economic policies significant to U.S.-SSA bilateral trade and investment; an update on progress in regional integration in SSA; and a compilation of multilateral assistance, U.S. bilateral assistance, and trade-related initiatives related to SSA. The report contains economic profiles for each of the 48 countries of SSA and sector profiles for six major SSA sectors: agriculture, fisheries, and forest products; chemicals and related products; petroleum and energy-related products; minerals and metals; textiles and apparel; and certain transportation equipment. Following are highlights of the report:

-- In 2002, U.S.-SSA merchandise trade totaled \$24.1 billion, down from \$27.8 billion in 2001. U.S. exports to SSA declined by 12.7 percent in 2002 to \$5.9 billion, and U.S. imports from SSA fell by 13.5 percent to \$18.2 billion in 2002. The decrease in U.S. exports to SSA was primarily because of decreased exports of transportation equipment to South Africa and Kenya; and the decline in U.S. imports from SSA was largely because of a decline in energy-related products, primarily a 17.9 percent decrease from Nigeria. In comparison, nonpetroleum imports decreased by 11.9 percent to \$6.8 billion in 2002.

-- In 2001, the United States recorded a cross-border surplus in services trade with Africa of \$1.7 billion. The primary U.S. cross-border service exports to Africa included tourism, business services, education, and freight transport. U.S. service imports from Africa were mainly travel and tourism, passenger transport, business services, and freight transport.

-- Total U.S. imports from SSA countries eligible for the AGOA benefits (including the GSP provisions) totaled almost \$9 billion in 2002, an increase of 9.9 percent from \$8.2 billion in 2001. The largest share of U.S. imports under AGOA came from Nigeria (60.2 percent), followed by South Africa (14.9 percent) and Gabon (12.7 percent). Other major suppliers included Lesotho, Kenya, Cameroon, Mauritius, and the Republic of the Congo. These imports were dominated by U.S. purchases of energy-related products in 2002, which represented 75.9 percent of total AGOA

imports in 2002, down from their 83.5 percent share of the total in 2001. However, significant increases were recorded for textiles and apparel, which accounted for 8.9 percent of the total in 2002, up from a 4.4 percent share in 2001, and transportation equipment, which

represented a 6.1 percent share in 2002, compared with a 3.7 percent share in 2001.

-- As government officials, companies, and international firms become more familiar with the advantages of AGOA, SSA continues to attract investment driven by access to AGOA benefits. Although the textile and apparel sector has received substantial levels of investment, other sectors, such as the automobile sector in South Africa and the information technology sector in Uganda, are beginning to benefit from AGOA-related investment.

-- Foreign investment portfolio flows to SSA totaled \$700 million in 2002, reversing the \$1 billion outflow recorded in 2001. As in prior years, South Africa accounted for virtually all foreign portfolio investment flows to SSA in 2002. U.S. net direct investment flows to Africa totaled \$861 million in 2002, representing less than 1 percent of total U.S. direct investment abroad. Nigeria and South Africa attracted the largest amounts of U.S. foreign investment flows, \$922 million and \$112 million, respectively. These inward investment flows were offset by outward flows from the rest of Africa totaling \$174 million.

-- U.S. government agencies continued to fund and implement a broad range of trade capacity-building initiatives in SSA. SSA received \$105.5 million in FY 2002, representing 16.5 percent of total U.S. funding for trade capacity-building initiatives. Funding for SSA capacity-building initiatives increased 30.6 percent and 16.5 percent from FY 1999 and FY 2001, respectively.

U.S.-Trade and Investment with Sub-Saharan Africa (Investigation No. 332-415, USITC Publication 3650, December 2003) will be available on the ITC's Internet server at www.usitc.gov. A CD of the report may be requested by calling 202-205-1809 or by writing the Office of the Secretary, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Requests may also be faxed to 202-205-2104.

ITC general factfinding investigations, such as this one, cover matters related to tariffs or trade and are generally conducted at the request of the U.S. Trade Representative, the Senate Committee on Finance, or the House Committee on Ways and Means. The resulting reports convey the Commission's objective findings and independent analyses on the subjects investigated. The Commission makes no recommendations on policy or other matters in its general factfinding reports. Upon completion of each investigation, the ITC submits its findings and analyses to the requester. General factfinding investigation reports are subsequently released to the public, unless they are classified by the requester for national security reasons.

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AEF101 01/26/2004

African Stock Markets Surge Ahead in 2003

(Ghana ranked #1, others among world's most profitable) (350)

Washington -- Africa was home to the world's best performing stock market in 2003 -- Ghana. The Ghana Bourse, with a U.S. dollar return of 144 percent, outpaced 61 markets around the world surveyed by Databank Financial Services, Ltd., according to a January 23 press release from the Corporate Council on Africa (CCA).

Uganda, Kenya, Egypt, Nigeria and Mauritius were other strong performers in Africa, with returns in U.S. dollar terms exceeding 50 percent in 2003. According to Databank, average returns on African stocks last year reached 44 percent. This compares favorably with a 30 percent return by the MSCI global index (Morgan Stanley Capital International); 32 percent in Europe; 26 percent in the U.S. (Standard & Poor's); and 36 percent in Japan (Nikkei).

The Corporate Council on Africa, a Washington-based organization of more than 190 U.S. companies dedicated to strengthening the U.S.-Africa trade relationship, hailed these findings. According to CCA President Stephen Hayes, the performance of African markets is "another reason why investors should seriously consider Africa's emerging markets as places ripe for investment."

Over the two-year period 2002-2003, the Ghana Bourse led the world with a compounded index return in U.S. dollar terms of 256 percent, CCA's release said. Impressive corporate results, cheap valuations and an improving macroeconomic environment drove Ghana's surging market. In 2003, Standard and Poor's upgraded Ghana's sovereign credit rating to B+.

Databank also found that Kenyan stocks attracted new attention because of a successful political transition in the country, the government's commitment to macroeconomic reforms, government steps to tackle corruption and the resumption of foreign aid.

Rising crude oil prices, exchange and interest rate stability and cheap valuations also lifted Nigerian stocks, according to the release.

The vibrancy of Africa's stock markets will be highlighted in New York on February 26, when CCA convenes a conference with the theme "Increasing Capital Flows to Africa."

CCA members represent nearly 85 percent of total U.S. private sector investments in Africa.

(Distributed by the Bureau of International Information Programs, U.S. Department of State. Web site: <http://usinfo.state.gov>)

AEF103 01/26/2004

USDA Announces First Steps To Update Biotech Rules

(Seeking public comment on proposed Environmental Impact Statement) (680)

The U.S. Department of Agriculture (USDA) intends to update and strengthen its biotechnology regulations regarding the importation, interstate movement, and environmental release of certain genetically engineered organisms, Agriculture Secretary Anne Veneman announced January 22.

As the first step in this process, USDA's Animal and Plant Health Inspection Service (APHIS) will prepare an environmental impact statement [EIS] to discuss the current regulations and the potential effects of any proposed changes.

A notice in the Federal Register January 23 outlines the issues and alternatives that will be studied in the environmental impact statement and seeks public comment "to further delineate the scope of the issues and alternatives."

Comments concerning the scope of the EIS and of any proposed regulations may be submitted by postal mail, commercial delivery, or e-mail, and must be received by USDA by March 23.

APHIS documents published in the Federal Register are available on the Internet at <http://www.aphis.usda.gov/ppd/rad/webrepor.html> Following is a USDA press release:

U.S. Department of Agriculture
Washington, D.C.

January 22, 2004

USDA ANNOUNCES FIRST STEPS TO UPDATE BIOTECHNOLOGY REGULATIONS

WASHINGTON, Jan. 22, 2004 -- Agriculture Secretary Ann M. Veneman today announced USDA's intention to update and strengthen its biotechnology regulations for the importation, interstate movement, and environmental release of certain genetically engineered (GE) organisms.

"The science of biotechnology is continually evolving, so we must ensure that our regulatory framework remains robust by anticipating and keeping pace with those changes," Veneman said. "A comprehensive environmental impact statement [EIS] is the critical first step in the process. Our regulatory system must be both rigorous and flexible and based on sound science principles and mitigation of risks."

USDA's Animal and Plant Health Inspection Service (APHIS) will prepare an environmental impact statement evaluating its biotechnology regulations and several possible regulation changes, including the development of a multi-tiered, risk-based permitting system to replace the current permit/notification system, along with enhancements to the deregulation process to provide flexibility for long term monitoring. Any proposed changes to the regulations will be science and risk-based.

USDA's APHIS has regulated agriculture biotechnology since 1987, ensuring the safe field testing of more than 10,000 GE organisms and overseeing the deregulation of more than 60 GE products. Over the past several years, the Bush Administration has taken steps to strengthen USDA's biotechnology regulations through the creation of the biotechnology regulatory services program, enhancements to its permitting system for plant-made pharmaceuticals and industrials, and the development of a compliance and enforcement unit to ensure adherence to the agency's regulations.

APHIS welcomes comments and input from stakeholders and the public to assist in determining the scope of the EIS and any proposed regulations. This notice is scheduled for publication in the Jan. 23 Federal Register and is available for viewing today at www.aphis.usda.gov/. APHIS documents published in the Federal Register and related information, including the names of organizations and individuals who have commented on APHIS dockets, are available on the Internet at <http://www.aphis.usda.gov/ppd/rad/webrepor.html> Consideration will be given to comments received on or before March 23. Comments may be submitted by postal mail, commercial delivery, or e-mail.

Send an original and three copies of postal mail or commercial delivery comments to Docket No. 03-031-2, Regulatory Analysis and Development, PPD, APHIS, Station 3C71, 4700 River Road, Unit 118, Riverdale, Md. 20737-1238. If you use e-mail, address comments to <mailto:regulations@aphis.usda.gov>. Comments must be contained in the body of the message; do not send attached files. Please include your name and address in the body of the message and use "Docket No. 03-031-2" on the subject line.

Comments may be reviewed in USDA's South Building, Room 1141, 14th Street and Independence Avenue, SW, Washington, D.C., between 8 a.m. and 4:30 p.m., Monday through Friday, except holidays. Persons wishing to view comments are requested to call ahead on (202) 690-2817 to facilitate entry into the reading room.

(Distributed by the Bureau of International Information Programs, U.S. Department of State. Web site: <http://usinfo.state.gov>)

AEF105 01/26/2004

Survey Shows Business Taking Little Action on HIV/AIDS

(Results presented at World Economic Forum) (2750)

A global survey of business leaders shows that firms are not very active in combating HIV/AIDS, even in the face of expectations that their businesses may be adversely affected by the advance of the epidemic. Commissioned by the World Economic Forum (WEF) and the Joint United Nations Program on HIV/AIDS, the survey was conducted among almost 7,800 business leaders in 103 nations.

Entitled "Business and HIV/AIDS: Who Me?," the survey also concluded that businesses have made an incomplete assessment of the actual risks they do face from the disease, and have an inaccurate understanding of how widely their workforces are affected by the virus. The findings were presented January 22 at the World Economic Forum in Davos, Switzerland.

The study also found a correlation between business leaders' outlook on their capability to cope with the epidemic and their opinions about the quality of governance in their nations. Those survey respondents who regard their countries as generally well governed with respect to economic and social policies are also more optimistic about battling the epidemic. Respondents in low-income countries with high rates of disease voiced the most concern about the impact of the epidemic.

"Society would undoubtedly benefit significantly if businesses made a greater contribution to tackling the HIV/AIDS epidemic," the report says. It suggests that international leaders must provide more accurate information about the threats of the disease in order to create greater incentive for business to act.

The report is available in full at <http://www.unaids.org/en/default.asp>

Following are excerpts from the report:

(begin excerpt)

Business and HIV/AIDS: Who Me?

A global review of the business response to HIV/AIDS 2003-2004
Introduction

"Business and HIV/AIDS: Who Me?" presents findings from the first global survey of business leaders' opinions on and responses to the threat of HIV/AIDS. The report, which was commissioned as part of the 2003/2004 Global Competitiveness Report of the World Economic Forum, is the first of these publications to address HIV/AIDS. Recognition of the virus's importance by this prestigious and wide-ranging study reflects the growing concern of policy-makers and business leaders across the world. HIV/AIDS is increasingly recognized as a potentially serious threat to economies, businesses and communities.

This report provides an analysis of the data collected by the Global Competitiveness Report's Executive Opinion Survey. The survey gathers the opinions of over seven thousand business leaders in 103 countries, tackling such issues as their concerns over HIV/AIDS, their estimates of HIV prevalence within their firms, and their responses to the disease. It allows us to paint a picture of the type of environment that is most vulnerable to serious impacts of HIV/AIDS on businesses and communities. Geographical location, national incomes and quality of governance are all significantly correlated with firms' perceptions of the virus's likely impact. Responses to the survey highlight which factors are seen by business as most important.

The report is divided into three sections. Part 1 assesses the literature on the impact of HIV/AIDS on economies and businesses. It looks at the areas of a business that are most likely to be affected and at how businesses are measuring the effects.

Part 2 discusses the data from the Executive Opinion Survey, focusing on the questions covering HIV/AIDS. It examines firms' estimates of the scale of the epidemic and its impact on their operations; the nature of that impact; the perceived effect on the communities in which business work; and how businesses have responded

to the threat. It also looks at how the policy environment faced by a business can have a major effect on how firms perceive the virus.

Finally, in part 3 of the report, we draw out the main conclusions from the data and offer recommendations for future action. We conclude by making recommendations for the content of future Executive Opinion Surveys.

Executive Summary

HIV/AIDS has become a major global policy issue, with United Nations Secretary-General Kofi Annan describing it as, "not only the world's biggest public health challenge, but in some countries the biggest single obstacle to development". The Global Competitiveness Report 2003-2004 (GCR) addresses HIV/AIDS for the first time. This report analyses the results of the GCR Executive Opinion Survey, which asks 7,789 firms in 103 countries about their concerns over and responses to the threat of the virus. Part 1 assesses studies of the impact of HIV/AIDS on economies and businesses. From the limited evidence available in the existing literature, the following conclusions can be drawn:

Serious macroeconomic impacts are likely to be limited to high HIV prevalence countries.

Individual businesses may see adverse effects in both low- and high-prevalence settings. The effect on the labour force is likely to be most visible and, particularly in hard-hit countries, damaging. The impacts on markets and costs of capital are harder to detect and are likely to be felt, if at all, in the longer term.

For large multinational businesses with high-profile brands and for companies in certain sectors, reputation may be the key driver for action on HIV/AIDS.

Part 2 discusses the Executive Opinion Survey (EOS) data, focusing on the questions covering HIV/AIDS. Only 13% of firms in the survey have conducted quantitative studies of HIV prevalence levels among their workers. 64% nevertheless provide estimates of infection rates, with the majority reporting lower rates than the UNAIDS estimate of overall prevalence in their countries. The disparity between EOS and UNAIDS estimates is greatest in Africa, where 45% of firms report less than 1% prevalence, despite estimates from UNAIDS that just 10% of respondent firms in Africa are located in such low-prevalence countries. Firms that have carried out quantitative surveys report lower infection rates than other firms.

Despite perceived low infection rates among workers, business leaders nevertheless regard HIV/AIDS as a serious problem and are concerned about its impact on their business:

The most concerned firms are based in high-prevalence and low-income countries.

Firms in countries with strong overall governance indicators -- including an effective, open and fair national legislative body with a strong focus on improving health, education and poverty reduction; a favourable business environment; and a free press -- are less concerned about the threat of HIV/AIDS to their businesses than firms in badly-governed settings.

Firms show a similar pattern of concern over the virus's impact on their communities.

Although operating costs are generally not perceived to have increased substantially as a result of the epidemic, firms believe that if their communities are hard hit, they themselves are unlikely to be immune to the effects.

Businesses' response to the epidemic has so far been piecemeal. 83% of firms have no HIV/AIDS-specific written policy. The 6% that do have policies (the remainder do not answer the question) do not always implement them.

Prevention programmes focus primarily on information provision, with employees the main target. A significant proportion also target employees' dependents and surrounding communities.

Care, support and treatment programmes target both employees and their dependants with a range of policies including diagnosis and treatment of sexually transmitted diseases, treatment for opportunistic infections and provision of anti-retroviral drugs

In countries with high HIV-prevalence and low incomes, many respondents are unsatisfied with their firms' existing policies.

Part 3 of the report summarizes the main findings from the EOS data. It draws three important conclusions. First, businesses are not particularly active in combating HIV/AIDS, even when they are concerned about the epidemic's effect on their business. Second, firms are making decisions on what to do about HIV/AIDS without comprehensive knowledge of the risks they face. Few firms have conducted quantitative studies of HIV prevalence among their workforce and, while many are worried about the epidemic, highlighting specific aspects of a business that are likely to be affected proves difficult. Those firms that do provide estimates of prevalence rates among their workers systematically believe that a smaller proportion of their workforce is infected than national prevalence rates would predict.

The third main finding is that businesses are more sanguine about being able to cope with HIV/AIDS if they believe their countries are generally well governed. Businesses appear to support a broad response to the epidemic, involving private and public sectors and nongovernmental organizations. Governments and NGOs are likely to benefit from working in partnership with businesses, providing them with the information they lack and designing incentives to encourage business involvement.

Conclusions: What have we learned

Taken as a whole, the Executive Opinion Survey suggests three important conclusions on business and its current level and quality of response to the HIV/AIDS epidemic:

1. Firms are not particularly active in combating HIV/AIDS, even when they expect the epidemic to cause serious problems for their business.

47% of the business leaders polled felt that HIV/AIDS is having or will have some impact on their business, and 21% estimate a serious impact. HIV/AIDS is consistently regarded as a more serious threat than either malaria or tuberculosis, both globally and across all regions.

Respondents do not believe they will be immune to the virus when it makes inroads on their local communities. Businesses estimate roughly the same level of impact on the communities in which they operate as on the firm itself (overall, 20% perceive a serious impact on the community and 21% on the firm). Business leaders' levels of concern about HIV/AIDS also rise in line with prevalence rates in their country of operation. For example, in Africa, where infection rates are highest, 89% of firms report some impact and 60% a serious impact.

Even in areas where prevalence rates are high, there are many firms that do not believe they will be affected by HIV/AIDS. Globally,

moreover, fewer than 6% of businesses surveyed have an HIV/AIDS-specific written policy that has received formal approval, and firms that report a serious current or future impact from the epidemic are only twice as likely to have a programme in place. Even among those firms that have conducted workforce surveys, only 15% have board-approved policies

Despite the dearth of policies and programmes, and the inconsistent nature and implementation of those that do exist, 37% of all business leaders are satisfied with their response to HIV/AIDS, despite relatively low levels of activity. However, firms become less sanguine in areas where the epidemic is at its worst.

2. Businesses appear to be making decisions based on a patchy assessment of the risks they face.

Among those who report a severe current or future impact from HIV/AIDS, fewer than 25% can point to specific areas of the business that the virus will affect. Further, two thirds of business leaders have not seen a serious impact against any of the five operating indicators.

This finding suggests one of two scenarios. Either many businesses anticipate that they will face increased costs as a result of HIV/AIDS, but only in the future, or they are drawing on insufficiently sophisticated information to disaggregate the impact of the epidemic from other factors affecting business performance.

Business leaders also find estimating HIV prevalence rates among their workforce problematic. Over a third did not answer this question, and just 18% overall have conducted a quantitative survey among their employees.

Respondents systematically believe that a smaller proportion of their workforce is HIV positive than national prevalence rates would predict, a difference that is more, not less pronounced among those that have carried out studies. This finding suggests that either these businesses are using faulty data, or that their employees are indeed less likely to be infected than average, either due to the type of workers they employ, or to the success of their prevention programmes.

3. Firms seem to favour a broad social response to the epidemic, even if only a small number of businesses currently see themselves as a integral part of that response.

Confidence in managing the threat of HIV/AIDS among businesses is affected by broader perceptions of how well equipped they believe their country to be to cope with a range of other pressing issues. In other words, businesses seem to expect a lesser impact from the epidemic if they live in a society that is generally well governed.

Firms with equal prevalence rates (both self-reported and as reported by UNAIDS country figures) think HIV/AIDS will have less of an effect both on the company and community, the more confident they are in a range of governance, economic policy and social policy indicators. Government transparency, freedom of information and effective poverty reduction programmes are all felt to be helpful by business leaders concerned by HIV/AIDS. In other words, business leaders seem to support the view that serious public health problems merit more than a health-based response.

How to turn back the ælethal march'

Society would undoubtedly benefit significantly if businesses made a greater contribution to tackling the HIV/AIDS epidemic. However, the observed failure to act suggests that firms lack either information or incentives. In the former case, they may not be able to assess the risks they face, the costs of acting and the potential benefits from successful action accurately. In the latter case, there may be significant externalities, where the benefit from action

accrues not just to the business that funds the action, but to the wider society. This suggests an agenda for future action.

Accurate, objective and unbiased information on HIV/AIDS must be generated and disseminated, covering areas such as workforce prevalence, the impact of the epidemic on business at different prevalence levels and the cost effectiveness of business-sponsored prevention activity. Studies must be rigorous in their attention to the potential for externalities, taking account of frequently practiced responses, such as where a business chooses to employ new workers rather than provide benefits for sick workers. There should be particular emphasis on demonstrating, beyond question, specific activities for which business can expect an adequate rate of return for any investment they make.

The potential of business associations and coalitions to tackle HIV/AIDS should continue to be utilized, as firms have a greater incentive to participate in and sponsor prevention activity if they can focus on the problems facing an industry sector or geographical area. Coalitions are also able to share experience and spread the cost of developing tools and approaches, ensuring lower start-up costs and greater efficiencies.

Public-private partnerships should be considered where they capitalize on the relative strengths of and incentives enjoyed by governments, NGOs and businesses. Governments and NGOs should continue to use moral suasion to make firms more likely to act, while being aware of the capacity and financial constraints facing many firms. But governments can also use policy to make action more likely, although they must tread lightly if they are not to generate further ill economic effects. Governments can also design contracts, tax relief programmes and other types of incentives to reward business action or partfund activity through the public purse.

What else we need to know

Inclusion of questions on the impact of HIV/AIDS on business and firms' response to the epidemic is a new component of the Executive Opinion Survey. The results and conclusions of the 2003 study suggest that in future years it will be important for this part of the survey to focus on specific testing of the following set of hypotheses:

--Do businesses perceive AIDS to be a significant business issue?
 --What information do they use to assess risks? ò Do businesses believe they can respond effectively to the epidemic? Why/why not?

--What are the components of their response? How much do they spend? Can they quantify any benefits they receive?

--What other policy interventions make business more or less likely to respond?

--How do these data vary according to company size, business sector, seniority of respondent, region, national income group and national prevalence rates?

Data that deals with these questions will inform business leaders and policy-makers alike, and equip them to manage the threat of HIV/AIDS more effectively in three key ways.

First, it will provide specific measures of the relationship between business concern and related action on combating the epidemic at firm level, in terms of workforce, customer and community impacts. Second, it will demonstrate the extent of business's ability to quantify and measure the human and financial impacts it is experiencing, or expects to face. And third, it will open up a dialogue between business and policy-makers on how public and private sectors can most effectively collaborate to arrest the 'lethal march' of HIV/AIDS on a global basis.

(end excerpt)

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